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Casey's Poor Health Leaves Big Gap in Iran Arms Probe

Reagan Confidant Played Key Role

By Walter Pincus
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The probability that former CIA Director William J. Casey's health will keep him from testifying before Congress and the independent counsel leaves a major gap in the probes into the Iran-contra affair, according to investigators.

"He was a confidant to [President Reagan] and that long relationship gave him access . . . to events at key points," said a source who helped draw up the Tower board's report on the matter.

But now Casey cannot give his account of those events. He underwent surgery for a cancerous brain tumor Dec. 18 and returned to Georgetown Hospital last week for further treatment.

In a Dec. 10, 1985, memo for the files after a White House meeting, Casey wrote that Reagan had not given up on sending arms to Iran, even though an Israeli shipment the previous month had not brought about the release of American hostages in Lebanon. The Tower commission considered the memo one of the few contemporaneous documents illustrating Reagan's mood about the operation, according to sources.

In the memo Casey wrote, "I suspect [the president] would be willing to run the risk and take the heat in the future if this will lead to springing the hostages."

"We felt [Casey] knew what was going on more than anyone else except [former national security adviser John M.] Poindexter and [Lt. Col. Oliver L.] North," former secretary of state Edmund S. Muskie, a Tower board member, said recently. "That was our very strong feeling."

Casey set in motion the covert aid program that led to the creation of the contras in 1981 and continued as one of their principal defenders in the Reagan administration. He was also the senior Cabinet advocate for the Iran arms operation, which Secretary of State George P. Shultz and Defense Secretary Caspar W. Weinberger opposed.

In mid-1985, Casey sent the White House a memo that first mentioned sending arms to Iran, and he supported the program during its 18-month existence in 1985 and 1986.

In addition, according to Central Intelligence Agency and Reagan White House officials, Casey had an unusual direct relationship with the NSC's North on both the Iranian arms sales and the efforts to aid the contras.

When the story of the Iran arms sales became public last November, Casey was deeply involved in attempts to limit the information given Congress.

During a Nov. 21 appearance before the Senate and House intelligence committees, Casey left out important elements of the story, including the warnings he had been given by his subordinates that funds from the arms sales program may have been diverted to the contras.

Casey had no illusion about the Iranians with whom the administration was dealing. The Tower commission report recounts an interview between Manucher Ghorbanifar, the Iranian middleman in the arms deal, and a top CIA official in which Ghorbanifar said he was arranging arms-for-hostages deals with Iranian Prime Minister Mir Hosein Musavi-Khameini and Oil Minister Gholam Reza Aqazadeh and not with so-called moderates.

Ghorbanifar explained that the release of the hostages would have to come through the radical Iranian Revolutionary Guard Corps (IRGC). "All that is required for the Americans to be freed," Ghorbanifar said, "is for [Musavi] to issue an order and the IRGC will secure their release."

While his agency experts voiced mistrust of Ghorbanifar, Casey continued to support using him. The Tower report said that Casey told aides that Ghorbanifar was the only contact who had produced results.

Spokesmen for the House and Senate select committees said yesterday they thought they could "establish Casey's role in the affair" with testimony from people he spoke to and documents they have obtained. But without Casey's testimony, there may be no way to obtain the full story of what he knew or to get his account of meetings in which he participated.

"No doubt we would do better talking to him," one committee aide said.

The Tower board did not interview Casey but the panel published documents that showed at several key moments when Reagan's Iran initiative was about to falter, the CIA director stepped forward to keep it going:

- In mid-1985, Casey sent the White House a CIA memo suggesting the United States encourage other countries to ship arms to Iran and later endorsed that approach in a note to then-national security adviser Robert C. McFarlane.
- In November 1985, Casey wanted the president to sign an intelligence "finding" that would have legitimized the CIA's role in a shipment that month and at the same time authorized it to play a bigger role in a December arms transfer.
- In December 1985, when Shultz and Weinberger opposed continued arms sales, Casey realized the president wanted to continue and he worked with North to get the program going again. On Dec. 23, he sent Reagan a memorandum saying Ghorbanifar, the man the "NSC staff believes arranged to release [the first American hostage, the Rev. Benjamin] Weir," was in Washington with "3 or 4 scenarios he would like to play out" and setting the stage to work with him.

Two weeks later, Casey worked wih North and Poindexter to draft a new presidential intelligence finding that authorized the arms sales operation.

- In mid-January 1986, when Weinberger was blocking implementation of the arms sales program, North went to Casey for help in overcoming the defense secretrary's opposition. Casey eventually told North that "he did not see any particular problem in making [re-

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tired Air Force major general Richard V. Secord] an agent for the CIA in this endeavor," according to note North wrote on Jan. 15. Secord went on to play that role.

- In February 1986, the first 1,000 TOW antitank missiles were delivered and the promised hostages not released. An aide to Casey who was following the operation called the negotiations handled by Ghorbanifar "extraordinary nonsense."
- On July 26, 1986, in a note to Poindexter, Casey said of the release of the Rev. Lawrence M. Jenco that "it is indisputable that the Iranian connection actually worked this time." Casey concluded that the White House should continue working with Ghorbanifar and that the Iran official involved likely expects the United States to respond quickly" and deliver promised spare parts to U.S.-made Hawk antiaircraft missiles.

He added that Poindexter should consider what "minimum requirements . . . would lead to release of the rest of the hostages" and held out the idea that resolving the hostage issue could potentially lead "to contacts with moderate factions in Iran that we may be able to deal with in the longer term."

Staff writer Bob Woodward contributed to this report.

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